SECRET

CENTRAL INTELLIGENCE AGENCY

OFFICE OF NATIONAL ESTIMATES

formerly IE Staff Note 2-72

24 February 1972

MEMORANDUM*

SUBJECT: The Japanese-Soviet Territorial Dispute: A Real Obstacle to Closer Relations?

NOTE

The so-called Northern Territories issue has been cited as a major stumbling block to closer political and economic relations between Japan and the USSR in the post-war period. Considering the broad implications that an improved relationship between these two countries would have, it might seem that undue emphasis has been attached to the disputed claims over a few islands off Hokkaido which were seized by the Soviets at the end of World War II. This memo attempts to put the issue in perspective, examining the background of the dispute, and assessing the degree of flexibility of both parties in reaching a possible solution.

---

* *This memorandum has been discussed within CIA.*

25X1

SECRET

Background

1. In August 1945, in the final days of Japanese resistance to Allied forces in the Pacific, the USSR withdrew from its Neutrality Pact with Tokyo and entered the war against Japan. After Japan's surrender, Moscow sought a direct hand in the Occupation, arguing for a zonal division, as in Korea. Denied this, the Soviets contented themselves with occupation of some islands off Hokkaido's northeastern coast.

2. Japan uses the term "Northern Territories" to refer to those specific islands in this region that it considers to be national territory, as distinct from the colonial acquisitions formally renounced by Tokyo in the 1951 Peace Treaty. Claimed by Japan are: (1) the Habomai Islands, consisting of several tiny islands (totaling only 39 square miles) and one large island (98 sq. mi.) -- Shikotan -- which because of its size is usually treated as distinct from the Habomai group; and (2) the more substantial islands of Kunashiri (580 sq. mi.) and Etorofu (1,210 sq. mi.), the two southernmost

of the Kurile chain which extends toward Hokkaido from the Kamchatka Peninsula.*

3. The disputed islands, important economically chiefly for the rich fishing, were settled and administered by the Japanese centuries ago. Tokyo's documentary claims go back to an 1855 agreement with Russia conceding Kunashiri and Etorofu to Japan and settling the international boundary north of Etorofu. In 1875, Russia ceded the rest of the Kurile chain to Japan in exchange for Tokyo's claims to Sakhalin Island. (Japan regained the southern half of Sakhalin in 1905 as a result of the Russo-Japanese War.)

4. The USSR claims that the entire Kurile chain was "awarded" to Moscow in the secret Yalta Agreement of February 1945; the US view is that Moscow received only approval of military occupation. A further complication is that the Yalta Agreement failed to name the islands included in the Kuriles. As additional justification

25X1

for its position, Moscow cites the San Francisco Peace Treaty (signed in September 1951) under which Japan renounced territorial rights to "the Kuriles." But here again, the Kuriles were not defined, and the Japanese delegate -- the late Prime Minister Shigeru Yoshida -- insisted that Kunashiri and Etorofu were always part of Japanese territory and never belonged to the USSR. Tokyo's view, therefore, is that these two islands were not included in "the Kuriles" renounced by Japan.

5. Still another complication is that the USSR refused to sign the 1951 peace treaty with Japan. Diplomatic relations between the two countries were finally restored in 1956 on the basis of a joint declaration which bypassed the territorial issue. At that time, however, Moscow was prepared to return Shikotan and the Habomais to Japan in exchange for a formal peace treaty, but the deal foundered on Japanese insistence on its claims to Kunashiri and Etorofu as well. By 1960, the Soviet position had hardened to the point where Moscow was demanding the abrogation of Japan's security ties with the US in exchange for Shikotan and the Habomais.

6. The dispute has simmered over the past decade, with Japan raising the issue at every opportunity and the USSR refusing to discuss "a closed matter." Although commercial exchanges between the two countries have continued to expand -- Japan today is the USSR's major non-communist trading partner -- the territorial dispute has been a factor in preventing closer economic and political relations. Indeed, the lapse between 1967 and this year in annual Foreign Ministerial conferences was due primarily to Soviet annoyance at Japan's attempt to inject the dispute into the talks. Soviet anger at Japanese tactics was plainly visible also in their sharp denunciation of Premier Sato's speech at the UN in 1970 in which Sato pointedly contrasted the US agreement to return Okinawa with Moscow's stubborness on the "Northern Territories." Moscow labeled it a cheap political trick, and accused the Sato government of attempting to fan popular emotions on an empty issue.

7. [redacted] 25X1

[redacted] the Northern Territories dispute has never approached Okinawa as a gut issue with the Japanese public. 25X1
This is understandable. There are one million Japanese on Okinawa and a host of wartime memories associated

with it. There are also numerous military bases whose operations have been a focus of leftist invective in Japan for a generation. In all the northern islands claimed by Japan there are no Japanese, some 20,000 having been repatriated in 1945. Of course, fishermen in neighboring Hokkaido would welcome an end to the constant danger of arrest and fines by the Soviets for intruding into these traditional Japanese fishing grounds, and some old Imperial Army types may recall that the best cavalry horses came from the pastures of Kunashiri. But broad popular interest in the islands has never really developed. Nonetheless, the issue has gathered some momentum and has become a factor in domestic Japanese politics. The ruling Liberal Democratic Party cannot afford to appear complacent on the matter, if for no other reason than fear of being outbid by the nationalist claims of the opposition parties. (The Japan Communist Party and the Komeito, for instance, claim the entire Kurile chain.)

The Present State of Play

8. Since last summer, the atmospherics between Japan and the USSR have improved noticeably. On the heels

of the announcements last July and August of President Nixon's planned visit to China and the US' New Economic Program, Moscow began making approaches to Tokyo, seeking to exploit Japanese confusion and resentment. The main Soviet purpose was to prevent any sudden rush of the Japanese into Peking's arms. Thus, the last half of 1971 saw a series of Soviet overtures for closer economic relations, coupled with hints of possible new flexibility on the territorial dispute.

9. With the recent visit to Japan of Foreign Minister Gromyko -- his first since 1966 -- the Soviet "good neighbor" policy has moved into high gear. In his arrival statement at Tokyo on 23 January, Gromyko spoke of the importance for the USSR and Japan -- as close neighbors -- to maintain and develop broad neighborly relations. Just prior to the visit, the Soviet ambassador in Tokyo had urged the Japanese government to prevent official spokesmen and the media from making inflammatory statements and claims about "lost territories" during Gromyko's stay. The ambassador warned that such action would prejudice Japan's case at this time since the purpose of the visit was to establish a "good atmosphere"

for future relations. The stated purpose of Gromyko's visit appears to have been largely attained. The Japanese were discreet in raising the territorial issue, and no mention of the subject was made in the final communiqué. For his part, Gromyko described the territorial problem as a "difficult question" that posed a "headache" for both countries. He did not take the usual official Soviet stance that the matter is closed.

10. Throughout the visit, Japan Foreign Ministry sources sought to create the impression that the two sides could agree to exchange visits of government leaders this year and to begin negotiations toward a peace treaty. The communiqué was equivocal on these points, stating that the USSR and Japan "expect" the visits to take place and "favor" treaty talks. Japan has hitherto insisted that a visit by the Prime Minister to Moscow could not occur without discussing the territorial issue, and that concrete talks on a peace treaty could not begin until the problem was settled.

25X1

25X1

[redacted]

12. Clearly, the Japanese expect more give in the Soviet position this time -- e.g., an agreement to return the Habomais and Shikotan while putting on ice the Japanese claim to Kunashiri and Etorofu; or an agreement to extend fishing rights around some or all of the islands; or some combination of these two. Such concessions would certainly bring Sato, or his successor, to Moscow and might open the way to conclusion of a peace treaty as well. Although the parallel isn't exact, Tokyo could point to the phased return of its southern island territories by the US: the northern Ryukyus in 1952, the Bonin and Volcano Groups in 1968, and the rest of the Ryukyus (Okinawa) in 1972.

13. There are some indications that Moscow will follow such a course, but Soviet intent is still unclear. For the Soviets, the disputed islands have some strategic and military significance; and situated so close to Hokkaido, they also constitute an element of psychological leverage on the Japanese. More important is the apparent Soviet belief that concessions to Japan would complicate handling other territorial claims against the USSR by China and by states in Eastern Europe. [redacted] 25X1

[redacted] 25X1

14. To strengthen their hand, the Japanese are trying to link the territorial issue to negotiations for Japanese economic assistance in the exploitation of the Tyumen oil fields of western Siberia. But this is a difficult maneuver since Japan is also attracted to the project to lessen its dependence on oil imports from the Middle East. The Tyumen project and other possible joint development ventures in Siberia are expected

to be taken up in detail at the Fifth Meeting of the Japan-USSR Economic Cooperation Committee which opened in Tokyo on 21 February.

Prospects

15. At this point, both sides are playing a cautious game, each seeking to draw concessions and advantages from the other. For the moment, at least, it is sufficient for the needs of both to be merely exploring the prospects for developing a closer relationship. It is in their interests, particularly for Japan, to keep China guessing as to the precise nature of their evolving relationship.

16. It may be that the Soviets are merely dangling the bait of apparent flexibility on the territorial issue so as to put a brake on the Japanese rush toward normalization of relations with China. Moscow may also hope that economic concessions -- such as more liberal fishing rights in the northern waters -- will buy off the Japanese for a time. For their part, Japanese officials are much encouraged at what they see as a definite shift in the Soviet position on the disputed islands, although they are not sanguine that a solution will be easy. They

profess to see in the Soviet suggestion that peace treaty negotiations be conducted this year a clear implication of Soviet acceptance of the Northern Territories issue as an agenda item. Sato stated before the Diet on 31 January that opening of such treaty talks would be "one step toward reversion" of the islands.

17. Several considerations combine to make the territorial issue more likely of solution in the next year or so than it has been before. The Japanese government has relative freedom at home to handle the issue in almost any way it chooses. It has economic and political benefits to offer the Soviets in exchange for a degree of flexibility on the territories. For the Soviets, the issue may be more of a "headache" than anything else, but they could live with some compromise positions which might satisfy the Japanese. Moscow may decide that concessions -- say a return of the Habomais and Shikotan -- will be well worth it in the interests of improving relations with Tokyo. There would seem to be considerable logic in such a move, especially at a time when the complex interaction among the four great powers of the Pacific is in the process of working itself out.